



Office of Performance Evaluations Idaho State Legislature

Evaluation 00-01

March 2000

A Limited Scope Evaluation of Issues Related to the Department of Fish and Game

On January 27, 2000, the Joint Legislative Oversight Committee approved a request for a limited scope evaluation of issues related to the Department of Fish and Game. A sportsmen's group had voiced concerns about the department's financial management in a letter sent to Legislators and others. Concerns ranged from the adequacy of financial audits of the department to questions about contract reconciliation. Due to the limited time available to complete this evaluation, we focused our review on three of the concerns expressed. Remaining issues may be covered in a subsequent evaluation the Oversight Committee has directed our office to undertake.

We asked:

- What financial audits of the Department of Fish and Game have occurred in recent years and what is the status of previous audit findings and recommendations? In the specific cases questioned, did Legislative Audits comply with applicable auditing standards?
- Has the Department of Fish and Game appropriately tracked and spent the \$2 fishing license fee add-on "earmarked" by law for the construction, repair, and rehabilitation of state fish hatcheries, fishing lakes, and reservoirs?
- Are the hunter harvest telephone survey for deer and elk and mandatory hunter harvest report done by the Department of Fish and Game duplicative? If so, which has provided the most accurate

information on annual deer and elk harvests in Idaho? Which has been the most cost-effective means of collecting harvest information?

To answer these questions, we reviewed Idaho Code, legislative committee hearing minutes, budget documents, and commission meeting minutes. We reviewed data from the Statewide Accounting and Reporting System (STARS), department documents, and those provided by the sportsmen's group that voiced concern with departmental practices. We spoke personally with a representative of the sportsmen's group, interviewed department staff and legislative staff, and spoke with members of the Fish and Game Commission.

Overall, we conclude:

- In the specific cases questioned, Legislative Audits' financial audit work was consistent with applicable auditing standards. In addition, in the case cited of concern, Legislative Audits performed sufficient follow-up work to determine that its recommendation had been addressed.
- In fiscal years 1996 through 1999, the department did not spend all of the revenue generated from a \$2 fishing license add-on for statutorily intended purposes. Further, although Idaho Code is silent on whether the add-on funds should be spent in the same year they are collected, such a practice is consistent with legislative practice and intent. Options are available to policymakers to ensure accountability for these funds in the future.

This report was completed at the request of the Joint Legislative Oversight Committee under the authority of Idaho Code § 67-457 through § 67-464. Questions about the report may be directed to the Office of Performance Evaluations, P.O. Box 83720, Boise, ID 83720-0055, or phone (208) 334-3880. The report is also available on our website at <http://www.state.id.us/ope>.

- Despite the Fish and Game Commission's intention to evaluate the relative results of two methods for estimating deer and elk harvests funded to run concurrently, the department did not put in place mechanisms to capture the relative costs of the methods. Either method could provide accurate information about harvests, if properly implemented. Finally, despite the commission's decision to proceed with only one of these methods next hunt year, the department has requested funding for each in the fiscal year 2001 budget request.

ADEQUACY OF DEPARTMENT FINANCIAL AUDITS

In a letter to Legislators, a sportsmen's group voiced concerns that legislative financial audits of the Department of Fish and Game have been inadequate. To address these concerns, we reviewed Idaho Code and spoke with legislative audit and department staff. We reviewed audit programs, auditors' workpapers, and department reports.

We found:

- **The expectations of financial audits that have been expressed are inconsistent with the intent of these and other financial audits.**

Due to the impracticality of doing so, no financial audit is intended to examine or ensure the accuracy of every financial transaction. Rather, these reviews are conducted to enable Legislative Audits to express an opinion as to the fairness of presentation of the statewide financial statements taken as a whole.¹ To accomplish this, Legislative Audits reviews selected operations in selected agencies based on an assessment of risk, the materiality of the various financial segments, receipt of federal funds, and legislative or public interest.

Auditors review certain operations of the Department of Fish and Game each year because of the amount of

federal funds the department receives.² Since non-federal funds are processed through the same systems as federal funds, internal controls for non-federal funds are also reviewed. Auditors conduct additional tests of non-federal funds based on the results of an internal control review, analytical analysis, materiality, and assessment of the risk of error or misstatement.

Table 1 contains a summary of audit findings from each legislative audit report issued since fiscal year 1991, as well as the status of those findings after a follow-up review by Legislative Audits. As shown, auditors reported 22 findings during this period, 14 of which they closed during their review the following year. With two exceptions, findings that remained unresolved were repeated as new findings in the subsequent audit report. At present, Legislative Audits reports that all findings have been resolved, except one for which the department is awaiting guidance from the U.S. Fish and Wildlife Service.

Legislative Audits' Use of Sampling

We looked specifically at four concerns the sportsmen's group raised. First, the letter voiced concerns that, in one instance, Legislative Audits did not accurately determine the total amount of discrepancies detected because the size of the sample relied on was too small. We found:

- **Legislative Audits' use of sampling is consistent with auditing standards.**

Auditing standards require that auditors obtain sufficient and competent evidence to form a reasonable basis for their conclusions.³ Due to the impracticalities of looking at every financial record or transaction, auditors often sample records or transactions (called "testing") as one way of gathering this evidence.

¹ Since fiscal year 1995, Idaho Code has required an audit of the statewide financial report prepared by the State Controller. IDAHO CODE § 67-429(13) (Supp. 1999).

² This is done to comply with *The Single Audit Act of 1984*, Pub. L. 98-502, 98 Stat. 2327, which requires an opinion that, on a statewide basis, federal funds are spent in compliance with applicable regulations and have adequate internal controls.

³ U.S. General Accounting Office, *Government Auditing Standards—1994 Revision*, GAO/OCG-94-4, (1994), 32. Evidence is considered sufficient if there is enough of it to persuade a reasonable person of the validity of the finding.

Table 1: Department of Fish and Game Legislative Audit Findings, Fiscal Years 1991–1998

	<u>1991–1993^a</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Number of initial audit findings	8	4	2	3	4	1
Status at subsequent audit:						
Number unresolved	4	2	0	1	1	0
Number closed	4	2	2	2	3	1

^a Prior to 1994, Legislative Audits conducted audits of the department every third year.

Source: Office of Performance Evaluations analysis of Legislative Audit reports for fiscal years 1991–1998.

In the case cited, Legislative Audits’ sample produced sufficient and competent evidence for its conclusion. While conducting the fiscal year 1997 audit of the Department of Fish and Game, auditors tested the internal controls over license fees because license revenues (totaling \$23 million) represented a high percentage of the department’s total revenue. Auditors tested records of a sample of 18 of the 425 fish and game license vendors.

While a sample size of 18 is not sufficient to statistically estimate the amount due from all 425 vendors, this was not the intent of the sample. Instead, auditors reviewed sampled records to assess internal controls. Their review showed that 17 of the 18 records sampled were in error - sufficient evidence to conclude that internal controls needed improvement. Auditors recommended the department segregate accounting duties, complete reconciliations, review employees’ work, monitor account balances, and complete timely follow-up and correction.⁴

To illustrate the potential magnitude of outstanding receipts, and appropriately identifying the number as an estimate, auditors stated that if the 18 randomly selected vendors were representative of all vendor accounts, vendors “could” owe the department “as much as \$2 million.”⁵

⁴ Legislative Services Office, *Financial Procedures Report—Idaho Department of Fish and Game, FY 1997, 7210, (1998), 8–10.*

Legislative Audits’ Detection of Errors

The letter also voiced concerns that Legislative Audits overlooked “significant obvious errors” included in the department’s annual report and differences between income and expenditures for the \$2 fishing license add-on. We found:

- **Detection of errors in the Department of Fish and Game’s annual report is beyond the scope of Legislative Audits’ statutory charge.**

State agency annual reports are not part of the statewide financial reporting system established in Idaho Code.⁶ Therefore, they are unaudited, despite the fact they may contain financial information.

However, we found:

- **Although Legislative Audits reviewed receipts and internal controls on disbursements of the \$2 fishing license add-on, they did not test to ensure disbursements approximated receipts.**

In the fiscal year 1998 audit, Legislative Audits tested receipts and determined the \$2 fishing license add-on

⁵ Ibid., 8. At the heart of the concern was that, when the department reviewed actual outstanding receipts, they totaled approximately \$625,000 rather than \$2 million. Most of these have since been collected.

⁶ IDAHO CODE § 67-1021 (1995).

was properly identified and accounted for in department records. Auditors also tested a sample of department disbursements (including fish hatchery program disbursements) for proper approval, documentation, and timely payment. However, auditors did not test whether program expenditures approximated program receipts. As a result, differences between income and expenditures (discussed later) went undetected.

Legislative Audits' Use of Department Data

The letter also voiced concerns that, at times, Legislative Audits relied on unsupported claims by the department to come to its conclusions. Specifically, it was alleged that:

1. Legislative Audits failed to report that department estimates of amounts due the department from vendors for license fees were an “unsubstantiated educated guess;” and
2. Auditors relied on the department’s “unsupported claim” that reconciling receipts with sales would be possible when the automated point of sale system was implemented.

We found:

- **Legislative Audits did report information provided by the Department of Fish and Game, and appropriately attributed its source.**

In the first situation cited, auditors included information received from the department in the course of their follow-up work on a previous recommendation. However, audit staff cited the department as the source of information, and did not claim the information was audited or accurate, a common and reasonable professional practice.

In the second situation cited, we found:

- **Rather than relying on the Department of Fish and Game’s statement that the point-of-sale system would allow reconciliation of license sales and receipts, Legislative Audits reviewed the system as soon as it became operational.**

During its audit of the department for fiscal years 1991–1993, Legislative Audits found that the department could not reconcile license sales to receipts. In response, the department stated that it had determined the cost of reconciling exceeded its benefit and was pursuing an automated system which would centralize information and improve timeliness. The system was funded in 1995 and, while it was under development, Legislative Audits did not review the issue of reconciliation. In its fiscal year 1996 audit, Legislative Audits found that the system had control weaknesses and recommended improvements. Auditors found control weakness still existed during the fiscal year 1997 audit, repeated the finding, and made additional recommendations to strengthen controls.

Legislative Audit Follow-Up

Finally, the letter voiced concerns that, in the fiscal year 1998 audit, Legislative Audits “closed” an audit recommendation from fiscal year 1997, even though the department had not implemented the auditors’ recommendation to hire additional accounting staff. However, our review revealed that the auditors’ recommendation made no mention of staffing.⁷ Instead, auditors recommended the department improve controls over license receipts by “segregating accounting duties, completing reconciliations, reviewing employees’ work, monitoring account balances, and completing timely follow-up and corrections.”⁸ We reviewed implementation of this recommendation and found:

- **Legislative Audits relied on sufficient evidence to determine that the Department of Fish and Game had substantially implemented its recommendation.**

⁷ On the other hand, the department mentioned staffing in its response to the recommendation. According to a department official, part of the control weaknesses auditors identified was due to staff turnover. As a result, the department responded that it would fill two vacancies, which it did in November 1998 and February 1999.

⁸ Legislative Services Office, *Financial Procedures Report—Idaho Department of Fish and Game, FY 1997, 7210*, (1998), 10.

To determine if its recommendation had been implemented, auditors tested a sample of 90 vendor accounts (versus the 18 accounts tested in the original audit). Based on their finding of a much lower dollar amount of error on those of the 90 with balances, auditors concluded that the previous problems causing errors in vendor accounts had been corrected.

USE AND ACCOUNTING OF \$2 FISHING LICENSE ADD-ON

Since 1990, Idaho Code has provided that \$2 from the sale of certain fishing licenses “shall be used for the construction, repair, or rehabilitation of state fish hatcheries, fishing lakes, or reservoirs.”⁹ To comply with statutory directive, the department must spend receipts from the \$2 add-on for these “qualifying” projects. In its letter to Legislators, a sportsmen’s group voiced concerns that the department had failed to accurately account for these “earmarked” funds or spend all of them on projects that qualify under Idaho Code.

To assess this issue, we reviewed Idaho Code, legislative committee minutes, information provided by the Department of Fish and Game and the sportsmen’s group, and reports from the Statewide Accounting and Reporting System (STARS), and spoke with legislative staff.

Tracking the \$2 Add-On Funds

In reviewing how the receipts from the \$2 add-on were spent, we found:

- **Until recently, the Department of Fish and Game had not tracked expenditures of receipts from the \$2 fishing license add-on when they were spent, making it difficult to determine what these funds were used for.**

For fiscal year 2000, the department has assigned a single project number to record expenditures of the \$2 add-on receipts across program cost allocation (PCA) codes (a tracking number). However, according to the

department’s interim director, at the time the \$2 add-on was established in 1990, the agency’s director decided not to track expenditures of these additional funds separately. Receipts from the \$2 add-on were deposited into the department’s Fish and Game Fund, as authorized by statute, and spent without establishing project tracking codes. As a result, until recently, there was little effort to match earmarked receipts with expenditures or ensure they were spent on qualifying projects. Failure to track expenditures of the earmarked funds has made it difficult to determine if the department has complied with the statutory requirements placed on the expenditure of these funds.

Departmental Expenditures of the \$2 Fishing License Add-On

In response to criticism that receipts from the \$2 fishing license add-on had been inappropriately spent, in late 1999, the interim director and departmental fishery, engineering, and administrative staff reviewed project records and compiled a report on qualifying expenditures during fiscal years 1991–1999.¹⁰ The department categorized qualifying expenditures under hatchery repair and maintenance, larger hatchery projects, lake and reservoir projects, rehabilitation of lakes and reservoirs, and engineering and construction crew labor.¹¹ Table 2 (page 6) summarizes the expenditures detailed in the department’s report.

Based on the department’s report, we found:

- **During fiscal years 1996–1999, the Department of Fish and Game did not fully spend all \$2 fishing license add-on receipts for the statutorily intended purposes.**

⁹ IDAHO CODE § 36-107(c) (1994).

¹⁰ *Evaluation of the Fund to Construct, Repair, or Rehabilitate State Fish Hatcheries, Fishing Lakes or Reservoirs*, Jerry Mallet, Interim Director, Department of Fish and Game (1999).

¹¹ These projects appear consistent with requirements found in Idaho Code §36-107 (1994). Department officials believe the report provides a conservative estimate of total qualifying expenditures, as it does not include qualifying expenditures the department could only estimate, including an estimated \$863,707 in fishing water access construction and repair during fiscal years 1993–1999.

As the table reflects, it appears that during fiscal years 1991–1995, the department spent more on qualifying projects than the \$2 fishing license add-on generated. However, in the last four fiscal years, the department has spent less on qualifying projects than receipts generated by the \$2 add-on. Department officials told us they believe that expenditures during fiscal years 1991–1995 have offset the shortfall that occurred during fiscal years 1996–1999.¹²

However, we found:

- **Although Idaho Code is silent on whether the \$2 fishing license add-on receipts should be spent the same year receipts are collected, it appears this practice is otherwise consistent with legislative practice and intent.**

Funds from the \$2 fishing license add-on are deposited into the department’s Fish and Game Fund,

in accordance with statute.¹³ Although this statute specifies *how* the funds may be spent, it provides no direction as to *when* these funds must be spent.

As noted above, the department believes receipts and expenditures should balance over time instead of each year. However, Idaho Code otherwise directs that, in the absence of specific direction to the contrary, the Legislature’s appropriation is “available for

¹² Department staff told us they have relied on Financial Accounting Standards Board (FASB) statement No.117 (FASB) as authority to carry forward the balance—either positive or negative—of these funds each year. However, FASB No. 117 (issued in 1993) does not apply to state agencies. According to the state’s Comprehensive Annual Financial Report, Note 1 (1998), only FASB statements in effect on or before November 30, 1989 apply to state accounting practices.

¹³ IDAHO CODE § 36-107 (1994). In 1990, when the Legislature approved the collection of these add-on funds, a separate set-aside account was not created.

Table 2: Department’s Estimated Summary of Qualifying Expenditures and Receipts of \$2 Add-On Funds, Fiscal Years 1991–1999

<u>Fiscal Year</u>	<u>Estimated Qualifying Expenditures</u>	<u>Total Earmarked Receipts</u>	<u>Expenditures Over/(Under) Receipts</u>
1991	\$ 670,589	\$ 291,268	\$ 379,321
1992	717,928	478,024	239,904
1993	505,061	439,220	65,841
1994	941,229	488,288	452,941
1995	694,364	446,692	247,672
1996	336,104	586,678	(250,574)
1997	159,589	462,410	(302,821)
1998	150,717	516,208	(365,491)
1999	<u>110,433</u>	<u>479,882</u>	<u>(369,449)</u>
Total	\$4,286,014 ^a	\$4,188,670	\$ 97,344

^a Total does not include qualifying expenditures estimated to be \$863,707 for fiscal years 1993–1999 for fishing water access construction and repair. Nor does it include labor costs associated with lake and reservoir rehabilitation.

Source: Office of Performance Evaluations summary of the Idaho Department of Fish and Game, *Evaluation of the Fund to Construct, Repair, or Rehabilitate State Fish Hatcheries, Fishing Lakes or Reservoirs*, Jerry Mallet, Interim Director (1999).

expenditure” only for the fiscal year for which it is appropriated.¹⁴ This suggests that receipts collected during a fiscal year and which are part of the Legislature’s annual appropriation from the Fish and Game Fund, should be spent the year the appropriation is made. In addition, according to key legislative staff, the \$2 add-on funds should be spent the year they are collected, in part because receipts are estimated and generated annually and not continuously appropriated.

Legislative Options

After concerns about expenditures were raised, the department agreed to begin tracking expenditures of the \$2 fishing license add-on funds and spend them only on qualifying expenses in the future. Also, a supplemental appropriation has been approved that the department believes will allow them to spend all of current year receipts from the add-on. Nonetheless, should policymakers wish to consider ways to ensure accountability for these funds in the future, they have at least three options available.

1. **Policymakers could track expenditures of the \$2 add-on through the department’s recently implemented tracking process.** As discussed, the department has begun to track expenditures of the \$2 fishing license add-on. This should allow an assessment of whether expenditures match receipts and provide reasonable detail about the expenditures of these funds.
2. **Policymakers could amend Idaho Code to specify when the \$2 add-on funds must be spent—annually or consistent with receipts over time.** Idaho Code could be amended to direct that, during a fiscal year, expenditures on qualifying projects should meet or exceed receipts. This could supplement a decision by policymakers to rely on the department’s new expenditure tracking process.
3. **Policymakers could amend Idaho Code to establish a set-aside account for the receipt and expenditure of funds from the \$2 fishing license**

add-on. Because it undergoes review during the appropriation process, a set-aside account would provide a more visible method for policymakers to track receipts and expenditures. On the other hand, a set-aside account would reduce the department’s short term flexibility in using the \$2 add-on funds for other purposes in the event unforeseen departmental needs or circumstances arise.

REVIEW OF METHODS TO ASSESS ANNUAL DEER AND ELK HARVESTS

Since 1998, the Idaho Department of Fish and Game has used both a telephone survey of hunting license holders and a mandatory hunter harvest report card to gather information about annual deer and elk harvests in Idaho. The department collects information to help make decisions concerning the dates for the next year’s hunt seasons and the number of licenses and tags to make available. Questions have arisen as to whether the two methods of gathering harvest information are unnecessarily duplicative, resulting in the department wasting its limited resources. In addition, the sportsmen’s group voiced concerns that the information provided by the telephone survey is inaccurate and provides inflated estimates of deer and elk harvests in the state.

Methods Used to Gather Deer and Elk Harvest Information

Prior to 1998, the Idaho Department of Fish and Game relied on an annual telephone survey of a sample of hunting license holders to gather deer and elk harvest information. In 1997, after sportsmen’s groups questioned the accuracy of the harvest figures obtained from the telephone survey, the Fish and Game Commission decided to implement a mandatory hunter harvest report project.

According to minutes of the November 1997 commission meeting, the commission decided to run the phone survey and mandatory hunter harvest report concurrently for three years to determine which method provided more accurate and timely data. At that time, department staff estimated the cost of the

¹⁴ IDAHO CODE § 67-3509 (1995).

mandatory hunter harvest report at \$287,800 per year. According to the department's interim assistant director, the department also expanded the amount spent on the deer and elk hunter harvest telephone survey from \$112,776 for the 1997 hunt season to \$218,705 for the 1998 hunt season, so that the survey sample size could be increased.¹⁵

The department received requested funding and ran both methods for two years (the 1998 and 1999 hunts). Then, at the July 1999 commission meeting, the commission decided not to run the comparison a third year (the 2000 hunt), which would be funded by the fiscal year 2001 budget. However, we found:

- **The Department of Fish and Game has requested \$287,800 for the mandatory hunter harvest report program and \$200,300 for the hunter harvest telephone survey in its fiscal year 2001 budget request, despite the commission's decision to proceed with only one of these methods.**

Under the state's budget process, agencies develop their budget requests from June to August each year. These requests must be submitted to the Governor's Office and the Legislature by September 1. Although, in July 1999, the Fish and Game Commission decided to discontinue using one of the two methods for gathering harvest data, funding for both methods was included in the department's budget request.¹⁶ The commission then approved this request in August 1999.¹⁷ As a result, the budget request currently being

considered by policymakers includes funding requests for both methods.

Therefore:

We recommend the Legislature consider appropriating funding for only one method of gathering deer and elk harvest information in fiscal year 2001.

While the commission has decided to use only one method for collecting harvest information for the 2000 hunt year and beyond, it has yet to determine whether to use the telephone survey or the mandatory hunter harvest report. According to the department's interim director, the commission postponed the decision until the 1999 hunt season results from both methods become available. A decision is expected at the March 2000 meeting.

Comparison of Methods Used to Estimate Deer and Elk Harvests

To assess the relative merits of these two approaches, we reviewed information obtained from both the department and a sportsman's group that has been critical of the telephone survey. We also asked a statistician at Boise State University to comment on each of the methods. We found:

- **Either the telephone survey or the mandatory hunter harvest report could provide accurate information about deer and elk harvests if properly implemented.**

The sportsmen's group criticized the department's analysis of the data for the 1998 hunt season, which had indicated that the difference in the estimated harvest using the two methods was approximately six percent at the statewide level. According to the sportsman's group, the department's analysis underestimated the amount of "error" between the two methods, contending that the error rate was actually between 30 and 40 percent per big game unit.

According to the statistician we consulted, the calculations done by the two groups were not comparable, and neither calculation provided an error rate or answered the question of which method is

¹⁵ The increased expenditure was to increase the sample size from appropriately 7 percent of license holders to 15 percent, and increase the timeliness of the information.

¹⁶ The two requests are included in the wildlife program. Under the department's proposal, funding for the mandatory hunter harvest report is to come from license dollars in the Fish and Game Fund. Funding for the telephone survey includes \$149,700 from the Fish and Game Fund and \$50,600 in federal funds.

¹⁷ According to department officials, funding was requested for both methods in case the commission decided to reverse its previous decision and continue the comparison for a third year. In addition, department management said that asking for funding for both methods would help ensure that adequate funding would be available for either method should the actual cost of the method selected exceed the department's estimate.

more accurate. According to this expert, both the mandatory hunter harvest report and the telephone survey provide *estimates* of the actual harvest and are, therefore, subject to some error. However, steps could be taken to minimize error and bias using either of the methods. As a result, “if both methods are carried out correctly, neither is considered superior from a statistical standpoint.”¹⁸

Key steps are needed to achieve statistically sound results from either method:

- **Mandatory hunter harvest report.** To minimize non-response bias, completed report cards must be received from a high percentage of all hunting license holders. Enforcement mechanisms may help ensure that a high response rate is achieved. At present, regulations require license holders to complete the report card prior to purchasing a new license the next year. However, because this requirement allows license holders to comply at any time during the year, information based on an adequate response may not be available in time to set hunt seasons in March each year.
- **Telephone survey.** The sample selected must be large enough to provide a high level of confidence that the results from the sample are representative of the larger population. According to the expert we consulted, “[currently] the sample sizes used far exceed the minimum number required” to achieve an acceptable margin of error at the statewide level. However, the information also is used to help make management decisions at the hunt unit level. As a result, unit sample sizes should be sufficiently large to ensure accuracy at the unit level; this relies, in part, on the level of precision needed.

Since either method of gathering harvest information could provide accurate information, an assessment of relative cost could help in selecting which method to use. To assess the cost of each method, we reviewed information from the Statewide Accounting and

Reporting System (STARS), examined accounts payable information, and interviewed department staff. We found:

- **Despite the commission’s intended purpose of evaluating the relative results of the two methods, the Department of Fish and Game failed to put in place mechanisms to capture the relative costs of the telephone survey and mandatory hunter harvest report.**

The department has established project cost allocation (PCA) codes for each method of estimating deer and elk harvests. These codes track major expenditures for each method, such as most contract costs, printing, and postage. In fiscal year 1999, based on expenditure information under these PCAs, the department spent \$185,580 for the mandatory hunter harvest report and \$225,065 for the telephone survey. Complete expenditure information is not yet available for fiscal year 2000.

However, these figures underestimate the overall cost of the two methods, because some of the key costs have not been captured under the designated PCAs. For instance:

- Staff time devoted to the projects typically was not recorded under these PCAs. Instead, staff time was charged to the PCAs to which the staff’s salaries and benefits were budgeted—and cannot be easily broken out. As a result, accurate figures concerning the cost of staff time devoted to each method are not available.¹⁹
- The costs of programming of the point-of sale licensing system to accommodate the mandatory hunter harvest report were not recorded under this PCA. Department staff provided several conflicting figures for the cost of these programming services, and we were unable to determine the actual amount spent.

¹⁸ Office of Technology, Computing Services, *Boise State University*, letter to Nancy Van Maren, Director, *Office of Performance Evaluations*, 22 February 2000.

¹⁹ During our review, department management asked employees to estimate time spent on each of the two methods in fiscal year 1998 through fiscal year 2000 (to date). These figures showed that personnel costs exceeded \$300,000 for the mandatory hunter harvest report and \$38,000 for the telephone survey during this period. However, these figures are based on staff recollections, so their accuracy is subject to question.

Because of these factors, the department was unable to provide a complete and accurate cost total for each method for each hunt season.

As part of our efforts to gather project cost information, we looked at pertinent contract documents and payment records. We found:

- **The Department of Fish and Game's contracting and accounting practices related to its license system vendor merit further review.**

As mentioned above, implementation of the mandatory hunter harvest report required that programming work be done on the point-of-sale licensing system. We reviewed information concerning the department's efforts to obtain these programming services as well as information about payments to the selected contractor, and identified a number of deficiencies. For example:

- The department could not provide written documentation of some programming requests it made to the contractor for programming services in some cases. In other instances, the

department's request for services was sketchy and did not include authorizing signatures.

- Proposals developed by the contractor for these projects sometimes lacked sufficient detail of the work to be performed, the estimated time to complete the work, and the estimated cost for the services. Copies of the proposals obtained from the department had not been signed by appropriate department staff to confirm the work was authorized.
- In two instances, the amount billed to the department exceeded the contractor's original estimate. Although the contract requires the contractor to obtain the department's approval before performing work beyond the original estimate, there was no evidence that the approval was given.

Full review of these and other identified deficiencies went beyond the scope of this limited review. However, they raise questions about the department's contract management and vendor payment practices. We will look at these issues in greater depth in a subsequent evaluation.

Consistent with Idaho Code § 67-461(2), the Governor and the Department of Fish and Game were given the opportunity to review this report in advance and respond in writing. The Governor did not provide a written response. We have included the Department of Fish and Game's response to the limited scope evaluation. We appreciate the cooperation we received from both offices in conducting our review.

**IDAHO FISH & GAME**

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February 29, 2000

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Dear Ms. Van Maren:

Thank you for the opportunity to review your draft report and for meeting with representatives of the Commission and the Department to receive our response. This was particularly appreciated considering the material you had to review in a very short time frame. We appreciate the efforts of the OPE staff in researching and developing this report. We know they worked evenings, weekends and holidays reviewing the material. This letter will serve as the Commission and Department's comments regarding your report.

Financial Audits

Because about half of the Department's revenue is from federal sources, it was very important that this review confirmed that past financial audits were in conformance with the federal Single Audit Act. That act requires the Department to have adequate internal controls. The Legislative Audits for Fiscal Years 91 through 98 all reached the conclusion that the Department "generally met accepted standards for a good fiscal operation."

\$2.00 Fishing License Add-on

The Idaho Fish and Game Commission has set policy regarding the \$2.00 add-on to the fishing license. That policy directs the Department to track annual revenue and appropriate expenditures for this program. It also directs the Department to annually spend an amount on qualified activities at least equal to the revenues generated. In addition, the Commission has approved the types of activities that qualify for inclusion in this program

Harvest Surveys

The Department and Commission accept and appreciate the analysis of big game harvest survey methods. How to measure harvest success has been a complicated, contentious and duplicative issue. Biologists, commissioners, and hunters all want the most accurate and timely information available. While the cost of obtaining good harvest data is important, the major consideration is to have the information to make accurate and timely decisions on subsequent years' seasons.

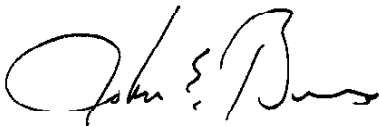
The Department should have tracked costs more closely on these projects, and will do so in the future. In the near future the Commission will decide which method to use and will allocate sufficient funds to assure well-founded decisions. We agree that our budget request should have been adjusted to a single methodology, and concur with your recommendation for our appropriation to cover a single method.

Summary

This review has pointed out the need for detailed cost accounting on high-profile projects and programs. The Department will make every effort, within its staff's limitations, to do a much better job in keeping track of the costs for these types of projects and programs. The Department has begun to make much more use of the project coding mechanism in addition to the Program Cost Accounts (PCA) to accomplish this goal.

The Commission and Department look forward to working with you on the remainder of the Department's performance evaluation, including our contracting and accounting practices related to the license vendor system.

Sincerely,



John Burns
Commission Chairman



Jerry Mallet
Interim Director